

First Union Rail Corporation

One O'Hare Center
6250 River Road, Suite 5000
Rosemont, Illinois 60018
847 318-7575

RECORDATION NO. 20794 FILED

JUL 29 '97

10-43 AM



July 28, 1997

VIA FEDERAL EXPRESS

Surface Transportation Board
Attn: Jan Fort
1925 K Street, N.W.
Room 704
Washington, D.C. 20423-0001

Re: Memorandum of Lease Agreement

Dear Ms. Fort:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301 (a) are two (2) originals and two (2) copies of a Memorandum of Lease Agreement, dated May 14, 1997, a primary document as defined in the Board's Rules for the Recordation of Documents. The names and addresses of the parties to the enclosed document are:

Lessor: First Union Rail Corporation
One O'Hare Center
6250 River Road, Suite 5000
Rosemont, IL 60018

Lessee: Lake States Railway Company
211 Newman Street, P.O. Box 232
East Tawas, MI 48730

A description of the railroad equipment covered by the enclosed document is set forth on Exhibit A, as attached to such Memorandum.

Also enclosed is a check in the amount of \$24.00 payable to the order of the Surface Transportation Board covering the required recordation fee. Kindly return one (1) stamped original of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Kathy Dombrowski".
Kathy Dombrowski
Manager-Documentation

Enclosures

JUL 29 '97

10-43 AM

LSRC002

Memorandum of Lease

THIS MEMORANDUM OF LEASE (the "Memorandum") is made and entered into as of this the 26th day of December, 1996, by and between First Union Rail Corporation ("Lessor"), a North Carolina corporation, and Lake States Railway Company ("Lessee"), a Michigan corporation.

W I T N E S S E T H:

The undersigned Lessor and Lessee have entered into that certain Lease Agreement, dated as of December 26, 1996, whereby Lessor has agreed to lease to Lessee certain railcars being described in more particular on Exhibit A attached hereto, effective as of the date set forth above and subject to the terms, conditions and provisions of said Lease.

IN WITNESS WHEREOF, the parties hereto have each caused this Memorandum to be duly executed under seal by their respective officers duly authorized as of the date and year first above written.

LESSOR:

FIRST UNION RAIL CORPORATION

ATTEST:

By: Name: JACK THOMAS
President

Title: _____

By: Name: Michelle BergTitle: Office Manager

[CORPORATE SEAL]

Executed on this 15 day of JULY, 1997.

STATE OF Illinois

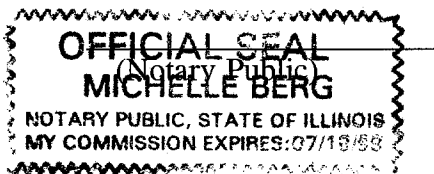
COUNTY OF Cook

I, Michelle Berg, a Notary Public of the County and State
aforesaid, certify that John J. Thomas personally appeared before me this day and
acknowledged his due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 15 day of July,
1997.

Michelle Berg
Notary Public

My Commission Expires:



LESSEE:

LAKE STATES RAILWAY COMPANY

ATTEST:

By: Elaine M. Drumm

Name: Elaine M. Drumm

By: Km

Title: Manager, Marketing

Name: Kevin Mitzyk

Title: Controller

Executed on this 10 day of July, 1997.

[CORPORATE SEAL]

STATE OF Michigan

COUNTY OF Iosco

I, Kathy A. Cooper, a Notary Public of the County and State aforesaid, certify that Elaine M. Drumm personally appeared before me this day and acknowledged his due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 10th day of July, 1997.

Kathy A. Cooper

Notary Public
KATHY A. COOPER

Notary Public, Iosco County, MI
My Commission Expires Feb. 24, 2000

My Commission Expires:

2/24/2000

(Notary Public)

EXHIBIT A

alec001

6/24/97

CARINIT	CARNUM	CARTYPE	IND	ASSIGNMENT
NOKL	002882	F252	C	LSRC002 ✓
NOKL	002885	F252	C	LSRC002 ✓
NOKL	002886	F252	C	LSRC002 ✓
NOKL	002889	F252	C	LSRC002 ✓
NOKL	002890	F252	C	LSRC002 ✓
NOKL	002891	F252	C	LSRC002 ✓
NOKL	002893	F252	C	LSRC002 ✓
NOKL	002895	F252	C	LSRC002 ✓
NOKL	002897	F252	C	LSRC002 ✓
NOKL	002898	F252	C	LSRC002 ✓
NOKL	002899	F252	C	LSRC002 ✓
NOKL	002901	F252	C	LSRC002 ✓
NOKL	002906	F252	C	LSRC002 ✓
NOKL	002907	F252	C	LSRC002 ✓
NOKL	002910	F252	C	LSRC002 ✓